



Forbes insights

THE IMPACT OF THE DIGITAL WORKFORCE

The New Equilibrium of the
Digitally Transformed Enterprise

IN ASSOCIATION WITH:

vmware®

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INTRODUCTION



Historically, companies' relationships with employees have been "command and control"—directives cascading down the hierarchy to be executed by dutiful employees. But emerging technologies are forcing a quiet revolution from below. Individual employees are embracing new technologies to improve personal performance, make decisions and take action.

For instance, a data-savvy HR manager boosts the quality of new hires. A shift foreman increases team productivity by 30%. A virtual team cuts global decision-making time in half. This revolution doesn't stop at the workspace of the individual. These thousands of individual improvements aggregate into higher revenues, cost reductions and enhanced agility—the very performance of any company.

But the outcome is more than just speedier operations and higher margins. Digital transformation—particularly through highly accessible employee-centric applications and productivity suites—is forcing management to adjust to a new equilibrium within the enterprise.

This rebalancing gives frontline employees the tools and the freedom they need to innovate and execute. It requires investment in an underlying digital platform and mindset that enables management to move from a "command and control" way of working to a "trust, encourage and support" one. This type of culture will ultimately become a decisive competitive differentiator in the market.

To better understand how digital transformation is impacting business applications, enterprise mobility and today's working culture and environment, Forbes Insights partnered with VMware to survey more than 2,000 executives and frontline employees worldwide. This report highlights key findings from this research, and provides insight into how the use, availability and easy access to business apps are affecting employees' workdays, driving performance and creating a new management equilibrium and culture within companies today.

KEY FINDINGS



Digital transformation is driving a shift to a new management environment and culture: The empowerment of employees—by granting them greater access to the apps they prefer and need to do their job—can create a new equilibrium between IT and users. By empowering employees, companies self-identified as digital leaders are migrating to a business powered by employee initiative and management trust.



As employees become more empowered, they become more productive: Business applications and productivity solutions (hereafter referred to as “business apps”) are driving a fundamental transformation in the individual employee’s workday. This includes faster decision making, increased productivity, better collaboration and higher job satisfaction.



Making apps highly accessible—easily from any device—powers the real difference in performance: Companies that make apps available to employees outperform those who don’t. Even more important: Companies that make apps available, and highly accessible, significantly outperform.



Empowered employees translate to higher performance at the enterprise level: Employee-level actions sum up to superior enterprise performance. With empowered employees come increases in revenue, cost savings and support of global expansion for the enterprise.



There is a misalignment between employees and CIOs on the availability, utility and freedom to use employee technologies in the workplace. This creates a dangerous disconnect that can impact the firm’s performance.

RESEARCH METHODOLOGY

The findings in this report are based on a survey of 2,158 executives, divided equally between CIOs and end-users of business applications and productivity solutions. All respondents were from companies with annual revenue of over \$250 million, with average revenue at \$4.3 billion.

Survey respondents were drawn from 16 countries in North America, Asia-Pacific and Western Europe. Respondents represented over 12 industries, with no industry composing more than 20% of the total sample. The non-CIO respondents were drawn from multiple parts of the enterprise, including operations, sales, finance, HR and executive management. The survey was conducted from June to August of 2017 by Forbes Insights, in collaboration with VMware.

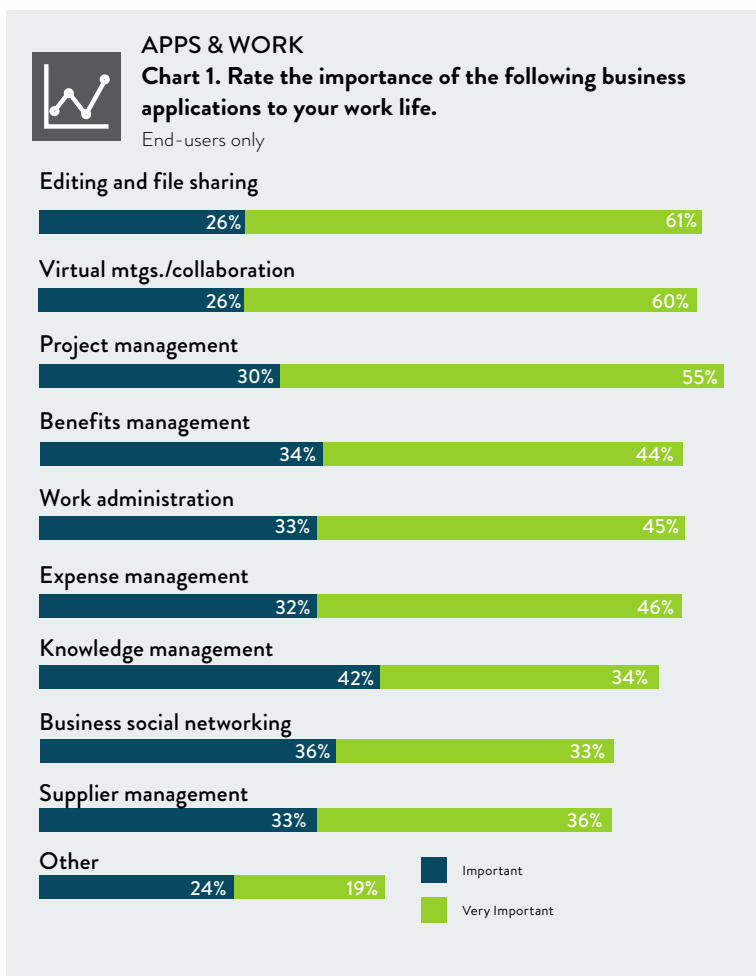
Our research focused on the working environment and culture of the employee—characterized here as the “workspace.” Following the collection of the data, we identified three segments within the sample:

- Companies that do not (in the opinions of their end-users) provide employees with the technology they need to do their jobs effectively—the Traditional Workspace.
- Companies that provide the applications employees want and need, but don't yet make them easily accessible—the Transitioning Workspace.
- Companies that provide the applications employees want and need, and make them readily accessible anywhere, anytime and on any device—the Digital Workspace.

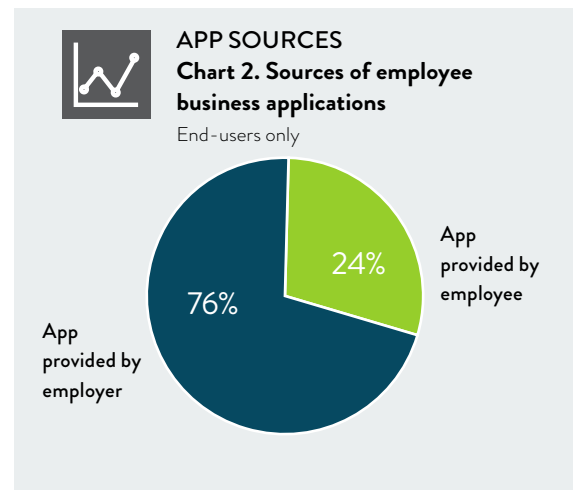
Throughout this report, we'll compare these three groups, and break down the results to show how those in the "digital workspace," or those that strive to be in the digital workspace, outperform the rest.

For additional details on the survey respondents, please see the appendix.

THE EMPOWERMENT OF THE EMPLOYEE

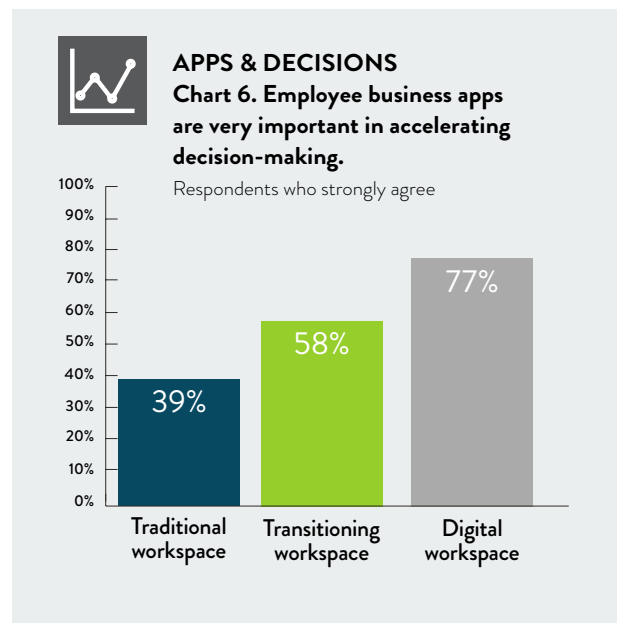
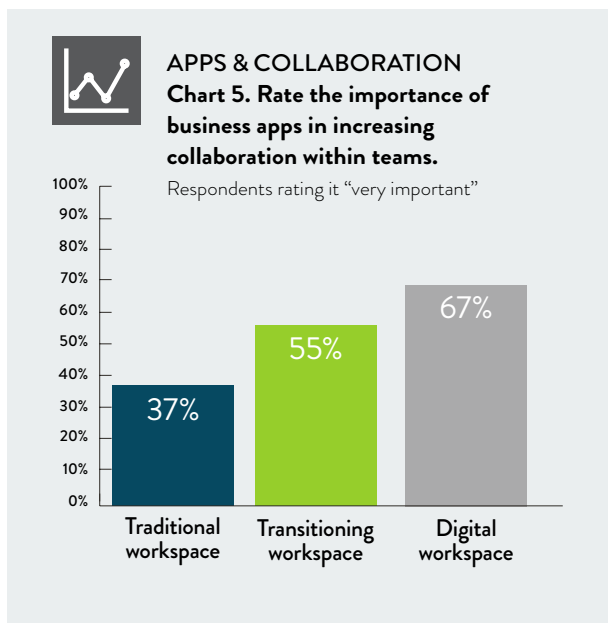
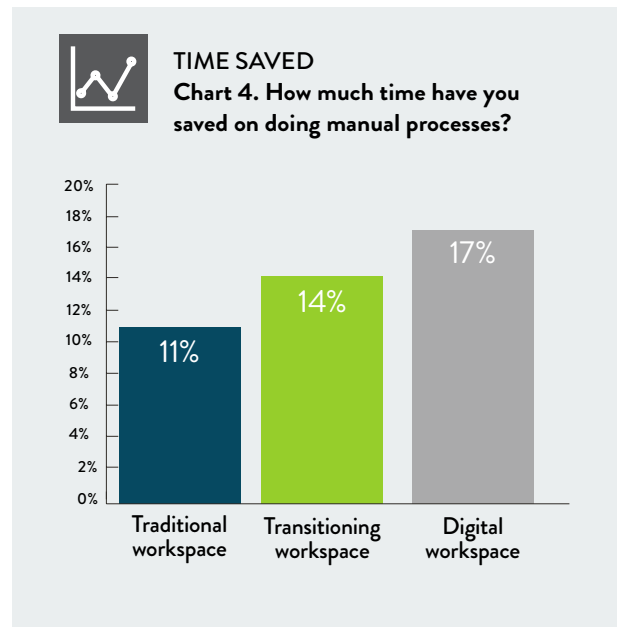
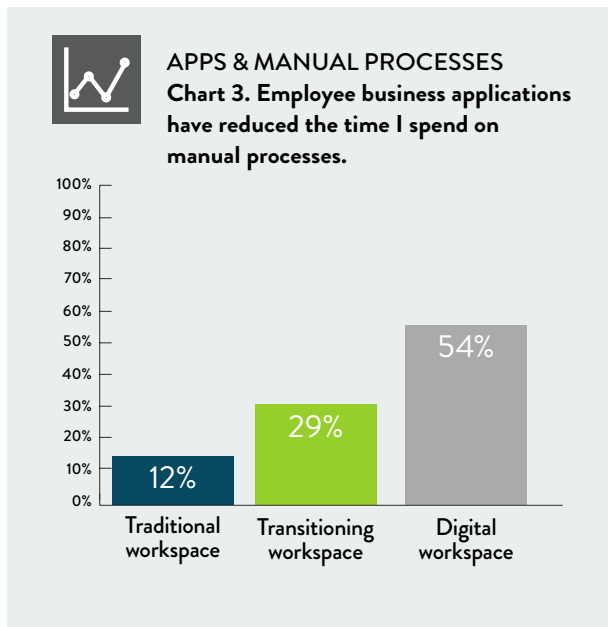


Employee-centric software has become an essential part of the working day, from collaboration tools to knowledge repositories to modern customer relationship tools. When asked which apps are the most important to their working life, end-users in the Forbes Insights/VMware survey rank editing and file sharing, virtual meetings/collaboration and project management as the most important. (Chart 1)



Employees are finding apps so useful that they sometimes source and buy their own if necessary. In fact, over one in four business apps are brought to the company by the employees themselves. (Chart 2) While this ability to source apps gives end-users access to the tools they need to do their jobs, it is also a dangerous trend when apps are consumed without IT enablement, as data loss and breach of compliance rules create considerable risk.

But the link between apps and improved individual performance is undeniable. All end-users agree that apps have reduced their time spent on manual processes—what differs across the



groups is the amount of time saved. (Chart 3) When apps are available to reduce manual-process work, employees report a 14% savings in time—a noticeable improvement. When apps are readily available 24/7 and across multiple devices, end-users report even more time saved—17%—ultimately freeing them up to focus more time on more important tasks. (Chart 4)

Apps are also used by employees to increase collaboration—particularly across geographically dispersed teams. (Chart 5) Collaboration and other factors appear to accelerate decision making at the individual and team level—especially for companies that make their apps available and accessible. (Chart 6)

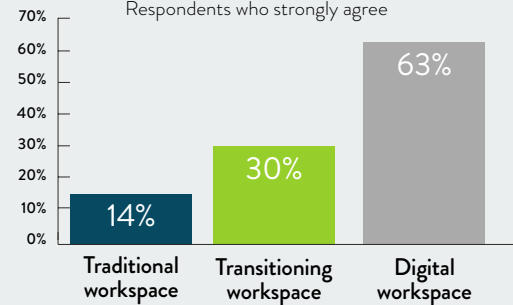
With less time spent on manual processes, and more collaboration happening across teams, business apps improve employee performance—making them believe that they are getting more done and that they are more productive. Digital workspace employees report a significantly greater impact on personal productivity (63%) than on accomplishing more in a typical workday (38%), with the help of business apps. (Charts 7 and 8) This is most likely because they have greater control over personal productivity than all the other things they must accomplish in a given workday.

If apps are reducing mundane tasks and making employees feel more productive, it's not surprising that employee morale and retention would go up as well. In fact, more than half of digital workspace employees say business apps have made their company a more desirable place to work—a very strong case for making apps readily accessible to all employees. (Chart 9)



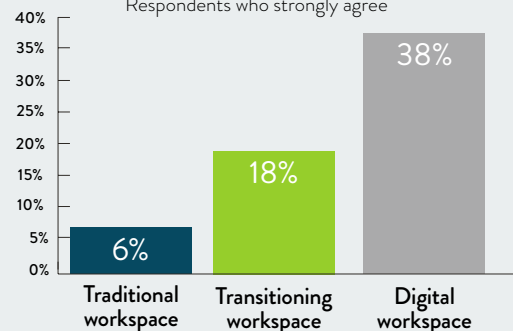
APPS & PRODUCTIVITY
Chart 7. Business apps have increased my personal productivity.

Respondents who strongly agree



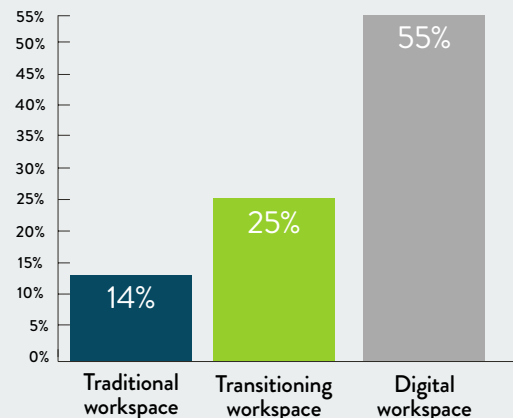
ACCOMPLISHING MORE
Chart 8. Access to business apps have helped me accomplish more in a typical workday.

Respondents who strongly agree

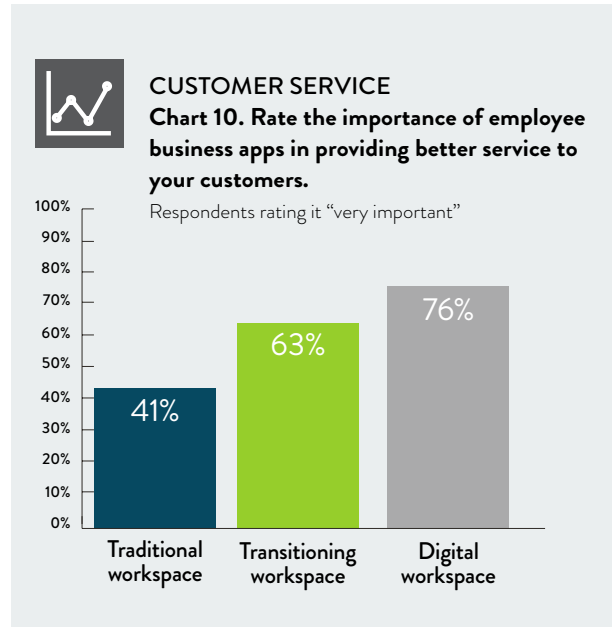


APPS & WORKPLACE
Chart 9. Business apps have made my firm a more desirable place to work.

Respondents who strongly agree



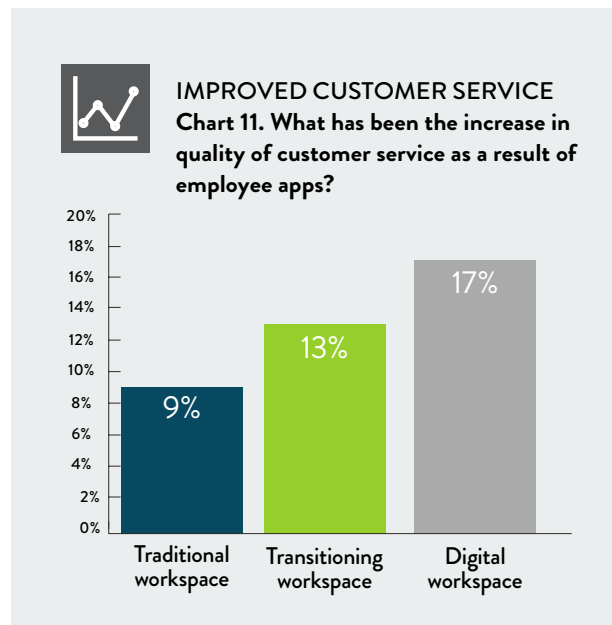
THE EMPOWERED ENTERPRISE



It’s clear business apps have a remarkable impact on the performance of the individual employee. The natural follow-up question is: When these benefits are rolled up across the organization, what is their larger impact on the workforce of the enterprise?

During our research, we presented survey respondents, both CIOs and end-users, with important performance metrics—collaboration, customer service, speed of decision making, revenue growth, etc.—and asked how important business apps have been in meeting these goals.

The results are striking. All respondents agreed that business apps are very important to providing better service to their customers, and all companies are seeing enhanced customer service as a result. (Chart 10) Companies that provide employees with a robust set of applications report a 13% improvement, while companies that make these apps readily available report an even higher improvement—17%. (Chart 11)



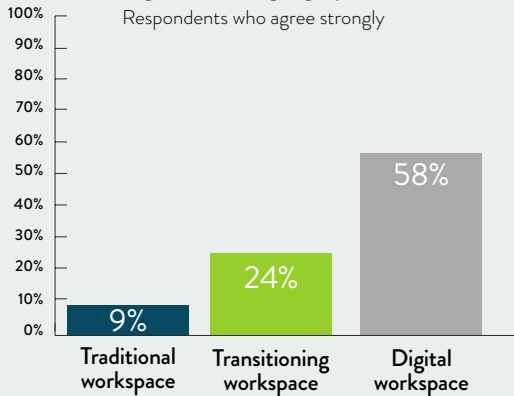
According to end-users, one of the most important purposes of business apps is fostering collaboration across a dispersed workforce. Three-fifths of respondents from companies that make apps available and accessible strongly agree that apps are very important to global collaboration, and report a 16% increase in the degree of enterprise collaboration. (Charts 12 and 13)



APPS & COLLABORATION

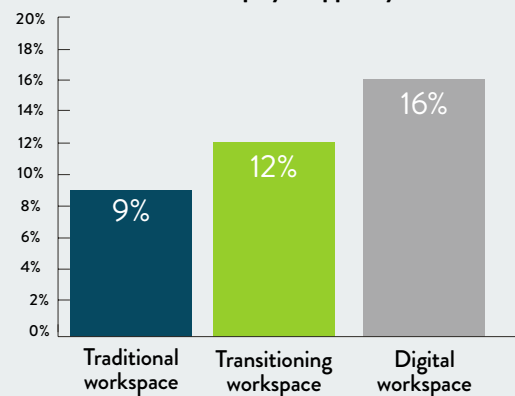
Chart 12. Statement: Employee apps have improved collaboration across organizational geographies.

Respondents who agree strongly



MORE COLLABORATION

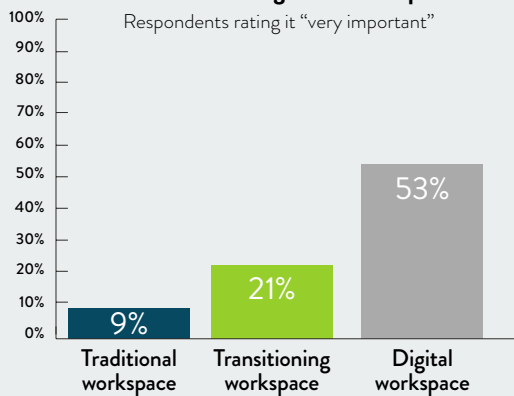
Chart 13. What has been the increase (%) in collaboration as a result of employee apps at your firm?



FASTER DECISIONS

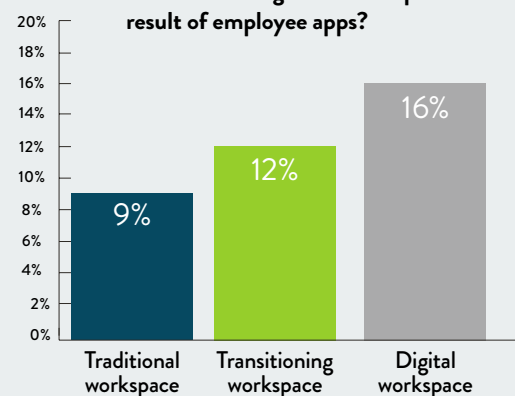
Chart 14. Rate the importance of employee apps in accelerating decision making in the enterprise.

Respondents rating it "very important"

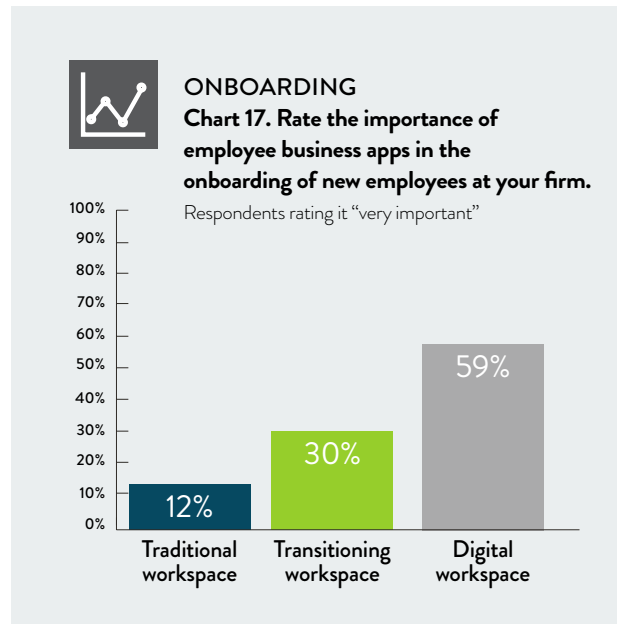
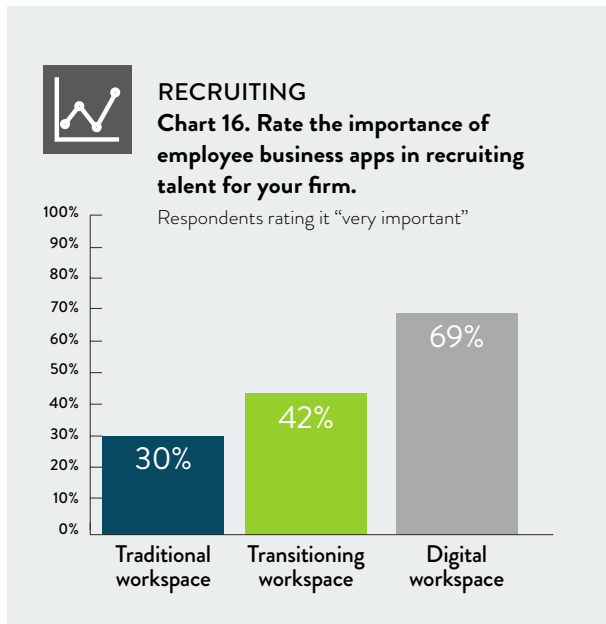


INCREASE IN SPEED

Chart 15. What is your estimate of the % increase, if any, in the speed of decision making in the enterprise as a result of employee apps?



In addition to higher-quality customer service and improved collaboration, apps are also leading to speedier decision making, which is becoming critical in the digital age. Approximately two-thirds of CIOs and business users report that making apps available and accessible is very important to accelerating decision making within their companies, and firms with accessible apps believe that their decision making has been accelerated by over 16%. (Charts 14 and 15)



The HR function is also improved by the use of business apps, helping companies recruit top talent. (Chart 16) Firms reported that the use of apps in recruiting, onboarding and other people-related factors was an important contributor to success in human resource management. (Chart 17)

The holistic impact of these metrics is captured in the change in the overall efficiency of the firm. For those companies that make apps available and readily accessible, 62% believe business apps are very important to increasing efficiency in their firm. (Chart 18) These same companies say apps have generated an almost 16% increase in the efficiency of the work streams touched by these applications. (Chart 19)

The enterprise contributions of business apps can appear to be tactical and low-level. But the research suggests that these incremental contributions can roll up to truly strategic advantage. Take, for example, the foremost strategic objective of most companies: growing top-line revenue.

Business apps contribute to revenue building in a myriad of ways. A personalized sale offer is configured in nanoseconds. A sales executive instantly accesses the data needed to answer a potential client’s tough questions. A product gets to market just a few weeks faster.

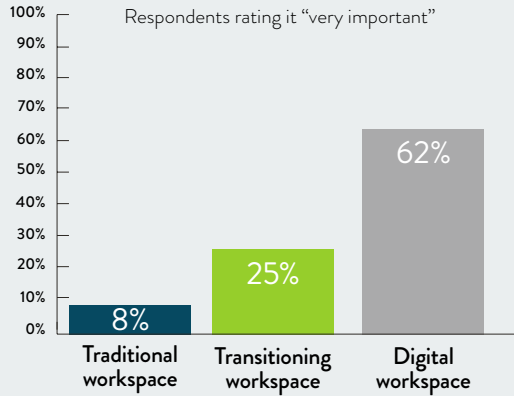
These small wins add up and CIOs are recognizing the impact business apps can have on enterprise performance. A majority of CIOs believe apps will be very important to increasing company revenue over the next three years, and CIOs who have made apps readily accessible to employees estimate an 18% increase in revenue thanks to these applications. (Charts 20 and 21)



EFFICIENCY

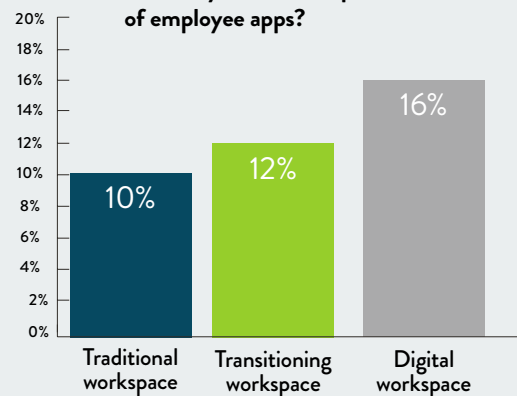
Chart 18. Rate the importance of employee business apps in increasing the overall efficiency of the enterprise.

Respondents rating it "very important"



INCREASE IN EFFICIENCY

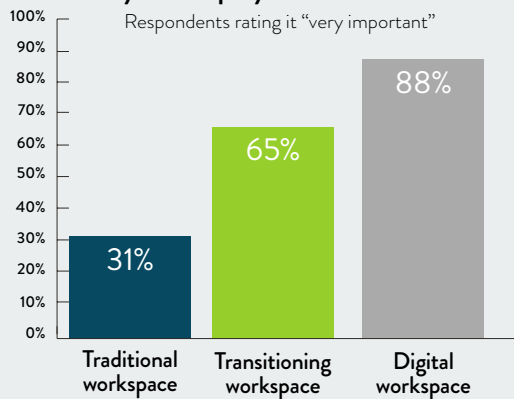
Chart 19. What is your estimate of the % increase, if any, in the overall efficiency of the enterprise as a result of employee apps?



REVENUE

Chart 20. How important will employee applications be to the revenue growth of your company?

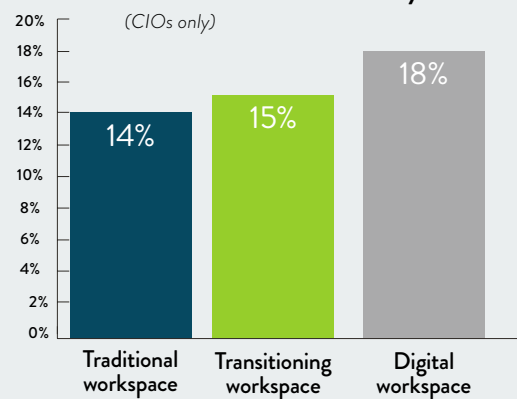
Respondents rating it "very important"



REVENUE GROWTH

Chart 21. How much could use of employee applications increase revenues over the next three years?

(CIOs only)



THE DISCONNECT BETWEEN CIOs AND EMPLOYEES



Based on the survey data, it's clear business apps can improve the performance of employees as well as the enterprise. But are companies delivering on their responsibilities to provide a robust application environment for employees? The data indicates they're not, and there is a significant disconnect between CIOs and end-users.

One of the most striking findings is that CIOs and end-users have significantly different views on where their company stands versus its peers in providing technology to employees. CIOs are three times more likely than end-users to see their company as a pioneer in technology. End-users, on the other hand, are four times more likely to rate their company as a follower. (Chart 22)

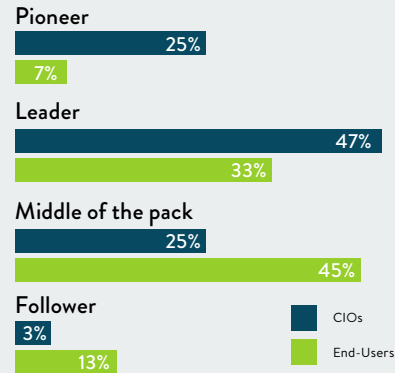
This may indicate a degree of disappointment on the part of employees, and a dangerous complacency in CIOs.

CIOs and end-users also have radically different views on the availability of apps within their companies. Almost half of CIOs believe they are providing employees with the apps they want (only 24% of end-users believe this), and 39% of CIOs believe they're making it easy for employees to request new tools (versus 21% of end-users). (Charts 23 and 24) This misalignment could explain why so many end-users choose to source and purchase their own apps, as mentioned earlier.

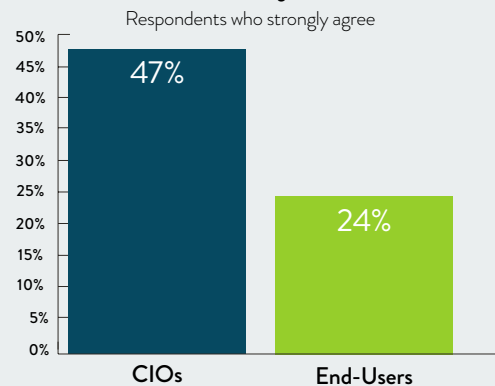
COMPARISON TO OTHER COMPANIES



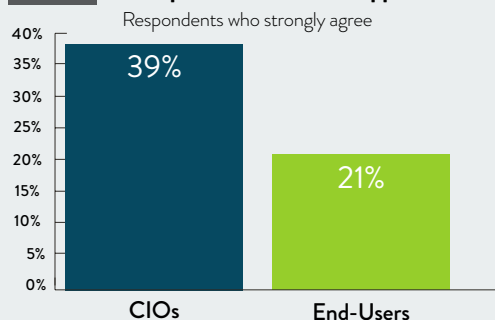
Chart 22. How would you rate your company against its peers in providing the latest technology to its employees?



APPS PROVIDED BY THE FIRM
Chart 23. Our company provides employees with the business and productivity apps they need to do their jobs.



SOURCING NEW APPS
Chart 24. Our IT team makes it easy for employees to request and obtain new apps, tools and services.

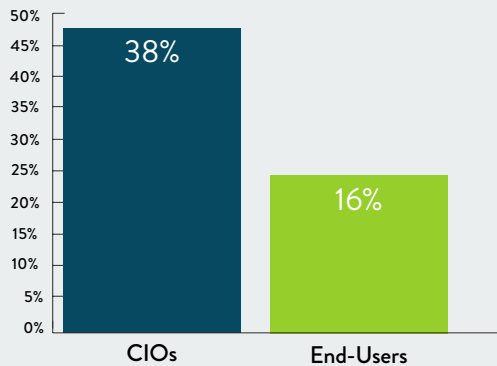




READY ACCESS TO APPS

Chart 25. Employees can easily access the apps they need from the devices they use.

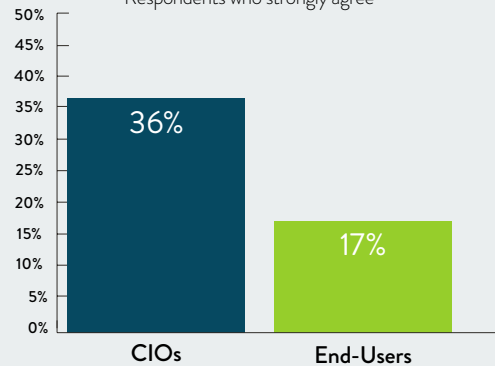
Respondents who strongly agree



FIRST-DAY ACCESS TO APPS

Chart 26. New employees can access the apps they need to do their jobs starting on day one.

Respondents who strongly agree



CIOs and end-users also have different views on application accessibility. Only 16% of end-users believe their company is giving them ready access to applications (compared with 38% of CIOs), and only 17% believe they have access to the applications they need to do their jobs starting on day one (versus 36% of CIOs). (Charts 25 and 26)

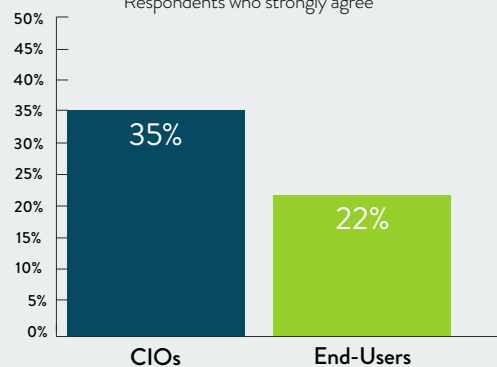
The disconnect between CIOs and end-users doesn't end with the availability and accessibility of business apps; it also extends to how employees can find and source new apps. Thirty-five percent of CIOs believe there is one source where employees can find their company's business and productivity



ONE SOURCE FOR APPS

Chart 27. Employees can go to one source and easily find our company's business and productivity apps.

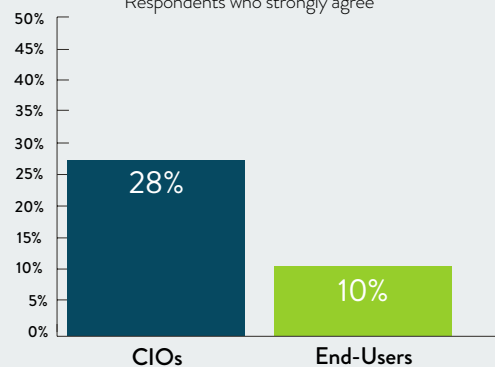
Respondents who strongly agree



ALLOWING NON-STANDARD APPS

Chart 28. Employees are free to choose business applications not sourced by the company.

Respondents who strongly agree



apps (compared with 22% of end-users), and 28% of CIOs strongly agree that employees are free to choose business apps outside the company, versus 10% of end-users. (Charts 27 and 28)

This disconnect between CIOs and end-users on applications is not entirely surprising. CIOs are concerned about security, integration and common standards, while employees just want to get their jobs done. Yet it is hard not to conclude that, given how apps can enhance employee and company performance, CIOs must create a platform and an environment of trust that allows end-users to take full advantage of technology. Otherwise, companies will begin to fall behind those who prioritize business apps and make them readily accessible to the employees driving their companies forward.

THE NEW DIGITAL EQUILIBRIUM

The Forbes Insights/VMware research indicates that apps are already shaping the performance of individuals and enterprises. But what about the future? Consider these observations.

There is a shift in how companies are managing themselves—a shift to the “Digital Workspace.” This is becoming a competitive factor in the market.

Employee-focused solutions make employees more productive and satisfied with their jobs, but that is just the start of it. By empowering the employee with apps, companies are putting decision making and proactivity in the hands of the end-user. In a digitally transformed world, this change will become so powerful that it will ultimately be a source of competitive advantage. To keep this advantage though, management (including the CIO) must migrate from “command and control” to an environment of trust, support and common standards.

Make your employees’ experience in business technology as good as the one they find in consumer markets.

Business apps have the potential to increase productivity and revenue, but only if they are actually used by employees. The standards that employees are used to—and the ones that enterprises should aspire to—are those found in the highly competitive and innovative retail technology markets. To align with what’s found in the consumer market, CIOs and their teams need to ensure their business apps are highly accessible to employees—meaning 24/7 access, availability on every device and integrated together. Doing so will ensure enhanced performance and adoption.

The Digital Workspace is empowering the employee.

At their simplest, employee-centric business applications put vast digital resources in the hands of the individual employee. Many apps are self-sourced, employee-customized and curated by the individual. In leading companies, their usage implies a trust by management that the employee will use the apps to do their jobs right.

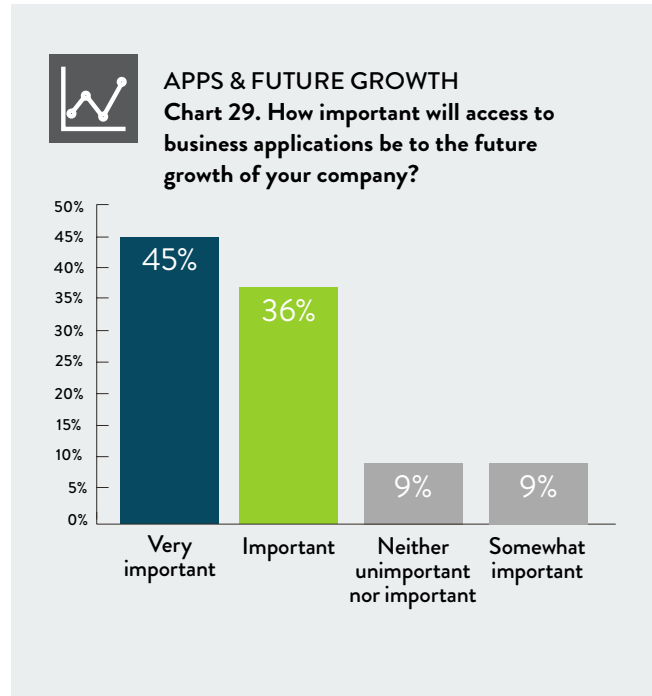
In a knowledge-driven world, this is a welcome transformation. Apps are becoming a localized platform for collaboration, innovation and execution. They are making employees happier to

come to work, but perhaps their greatest contribution is unlocking the potential and power of the employee as an individual.

Don't underestimate the app.

The workings of employee-business applications are almost invisible. They are not mandated from above, they are not captured in financial statements, and there is no "chief application officer." But that doesn't mean the benefits are not there, or that they should be underestimated.

As the Forbes Insights/VMware research indicates, apps are affecting every part of the organization, and their impact is only expected to grow. In fact, 81% of total respondents agree that employee business apps will increase in importance over the coming years. (Chart 29)



The takeaway? Applications, as they grow more sophisticated, are integrated together and are adopted by more employees, can become a major force in a company's operations and performance. Those who fully embrace and prioritize apps, making them readily accessible to their employees, will have an undeniable edge in the market.

APPENDIX: SURVEY DEMOGRAPHICS



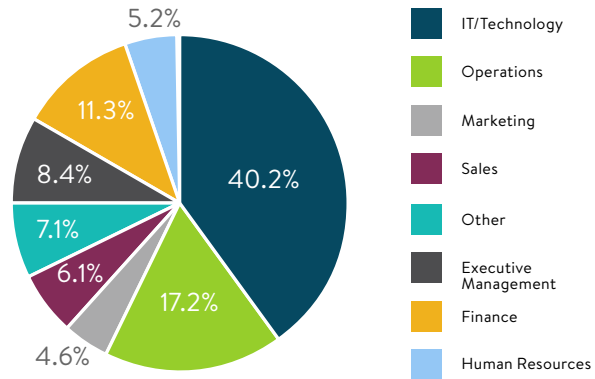
Chart 30. CIOs and end-users of employee business applications



Evenly balanced between CIOs and end-users of business applications



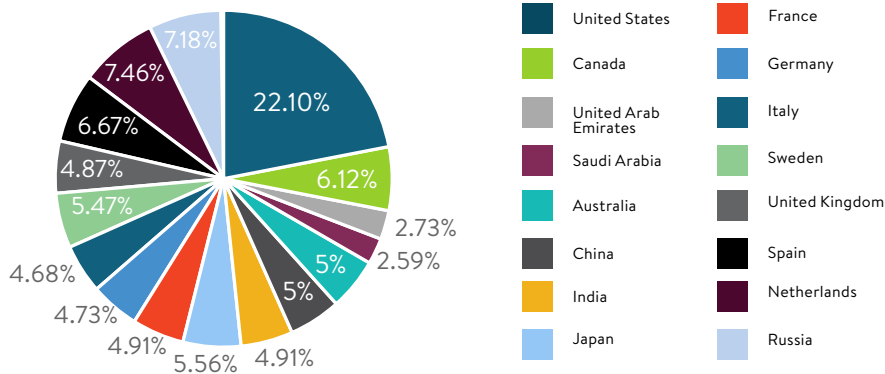
Chart 31. Functional responsibilities of respondents



Cross-section of all parts of the organization, plus concentration on IT



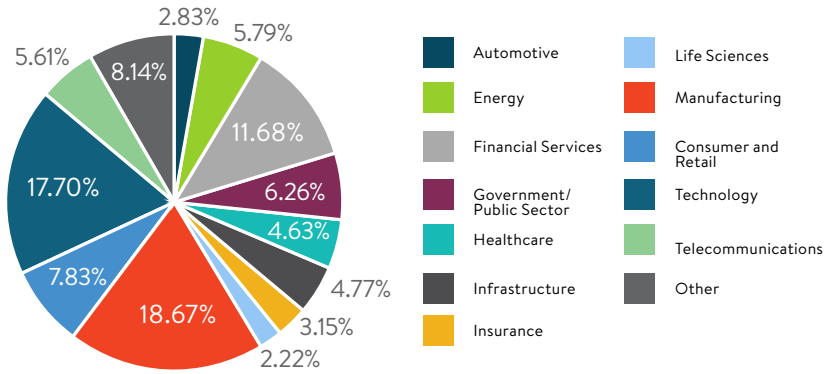
Chart 32. Geographic location of respondents



Global survey panel, enabling analysis by region



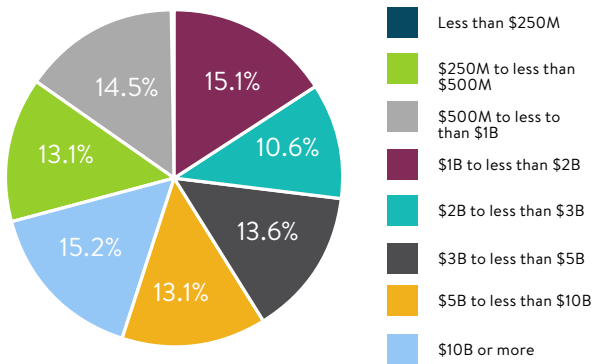
Chart 33. Industry representation of respondents



Diversified across 12 industries



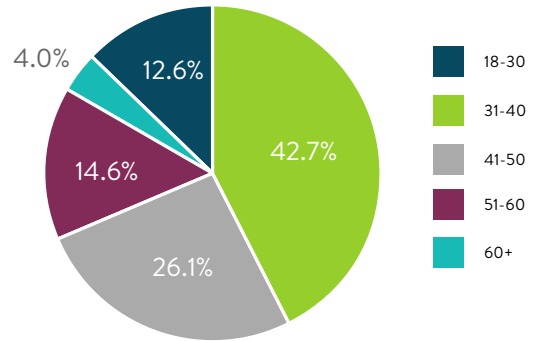
Chart 34. Company size (revenue) of respondents



Companies over \$250M in sales



Chart 35. Age demographics of respondents



Cross-section of age demographics

Forbes insights

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